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UNCLAS SECTION 01 OF 02 MADRID 004059

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STATE FOR EUR/WE - GCLEMENTS AND MHALL; EUR/PPD; EB;
IIP/GEUR

E.O. 12958: N/A

TAGS: [EFIN](#) [KTFN](#) [PTER](#) [KPAO](#) [SP](#)

SUBJECT: SUCCESSFUL TERRORISM FINANCE CONFERENCE HOSTED IN
MADRID

1. (U) SUMMARY: From November 14-16, the Fundacion Jose Ortega y Gasset hosted a conference entitled Terrorism Finance: What Control is Possible? The conference was attended by a diverse mix of government officials, academics, journalists, and students. The Embassy contributed by providing speakers from the USG. Assistant Secretary Wayne's presentation on designations generated a great amount of interest. The Public Affairs section also set up a series of successful interviews that garnered favorable media coverage. A greater effort should be made next time to generate attendance from the private sector. END SUMMARY.

2. (U) From November 14-16, the Fundacion Jose Ortega y Gasset hosted its fourth annual conference under its Permanent Seminar on Studies on Terrorism series. The subject of this year's conference was Terrorism Finance: What Control is Possible? The conference was attended by a diverse mix of government officials, academics, journalists, and students. As in past years, the Embassy contributed by providing speakers from the USG. The Public Affairs section also set up a series of successful interviews that garnered favorable media coverage.

3. (U) Three different panelists provided the U.S. perspective. Michael Hurley, Senior Director for Policy at the 9/11 Public Discourse Project, gave an account of how the 9/11 terrorist attacks were financed from the point of view of the 9/11 Commission. Interviews with Hurley appeared in the Spanish dailies El Pais, El Mundo, and ABC. William Baity, Deputy Director of the Department of Treasury's FinCEN (Financial Crimes Enforcement Network), provided an overview of his organization and how it interacts with other USG agencies. Baity also noted that his organization works closely with SEPBLAC, Spain's financial intelligence unit. The last USG presentation was given via digital video conference by Assistant Secretary for Economic and Business Affairs Anthony Wayne, accompanied by David Nelson, Director of the Office of Terrorism Finance and Economic Sanctions at the DOS.

4. (U) The aforementioned USG visitors, a U.S. Embassy representative, and Senior Special Agents Armando Astorga Jr. and Mark Middleton of the Department of Homeland Security's Financial and Trade Investigations Division, participated in a roundtable luncheon during the conference which featured Antonio Camacho Vizcaino, the Ministry of Interior's Secretary of State for Security. Camacho led the group in an

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interesting debate about the necessities of information sharing amongst Spain's own government entities, as well as with foreign governments. He also mentioned the battle that Spain faces with the hawala money transfer network, and noted that many of the hawaladars do not know that they are transferring money to and from terrorists.

5. (U) Spain's Minister of Interior Jose Antonio Alonso was the most senior GOS speaker. He introduced the conference together with U.S. Ambassador Aguirre. Both of their presentations received good press coverage. Alonso noted that the Ministry was active in its struggle against terrorism, and mentioned that it currently had 85 separate ongoing terrorism finance investigations underway. The Minister indicated that the implementing regulations to the 2003 Terrorism Finance Law were in an "advanced state of progress."

6. (U) Substantively, the most interesting GOS presentation was by Telesforio Rubio, General Commissioner for Intelligence at the Directorate General of the Police. He complemented Michael Hurley's presentation by giving a detailed account of how the March 11 Madrid train bombings were financed. Rubio presented information that differs from previous press accounts. For example, he stated that the terrorists had access to more money than suggested by prior press accounts' estimates of the cost of the bombings, typically from 30,000 to 40,000 euro. Rubio stated that the explosives were obtained in a drugs for explosives deal in which the value of hashish traded was roughly 100,000 euro

street value. He revealed that the police found a reserve of cash and drugs which gave the terrorists access to approximately 1 million euro. He did add the caveat that the investigation was still ongoing, thus his presentation was not definitive.

17. (U) Assistant Secretary Wayne's presentation on designations elicited a great deal of interest from the MFA officials attending the conference. The attendees found the conceptual approach to be intriguing. One MFA official confessed to us that the different evidentiary standards we use for prosecutions and designations "sounded foreign" to him. MFA officials and a high-ranking Ministry of Interior terrorism advisor both asked for a copy of A/S Wayne's remarks. This should prove to be an excellent basis for a richer dialogue on this topic.

18. (U) In the future, a greater effort should be made to generate attendance from the private sector. Deputy FinCen Director Baity explained briefly how his agency tried to obtain feedback from the private sector on a regular basis. Further, other presenters mentioned that the private sector has to implement often costly terrorism finance-related regulations. In fairness to the Foundation, it had tried to organize a dinner with financial sector representatives but was forced to cancel it due to scheduling conflicts of the invitees.

19. (SBU) Embassy Comment: It was clear from our conversations on the margins of the conference with police and financial intelligence unit officials that the GOS still takes the struggle against terrorism finance very seriously. When questioned about the delay in the implementing regulations to the 2003 Terrorist Finance Law, a key MFA contact replied that the law had been passed during the previous conservative government's tenure, and thus it may be politically difficult to implement. It would be unfortunate if this were the case, although, irrespective of how much longer it takes to finalize the implementing regulations, the GOS continues to place a great deal of emphasis on the terrorism finance-related aspects of terrorism prevention and investigation. As in previous years, this year's conference served U.S. public diplomacy purposes and enhanced working-level contacts. End Comment.

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